## Message Text

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**ACTION EB-07** 

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E.O. 11652: N/A TAGS: EAIR, NL

SUBJECT: CIVAIR - NEXT STAGE IN NEGOTIATIONS

1. IN OUR ONGOING COVERSATIONS WITH GON OFFICIALS RE CIVAIR RELATIONS, WE WILL CONTINUE OUR EFFORTS TO DEVELOP THE FRAMEWORK FOR A NEGOTIATED SOLUTION TO THE EXCESS CAPACITY PROBLEM. DUTCH APPEAR TO BE DUG IN ON THEIR PRESENT POSITION ALTHOUGH THEY HAVE PUT NO LIMITATION ON THEIR WILLINGNESS TO TALK AND EXPLORE ALL POSSIBLE WAYS OUT OF THE PRESENT IMPASSE (SEE SEPTEL FOR REPORT ON AMBASSADOR'S DEC 16 CONVERSATION WITH FONMIN VAN DER STOEL).

2. WE WOULD APPRECIATE BEING KEPT INFORMED AS DEPARTMENT SHAPES ITS THINKING ON SUBSTATIVE SIDE OF NEXT ROUND OF TALKS. DEPARTMENT'S PLANS ON PREFERENCES RE TIMING AND VENUE OF TALKS WOULD ALSO BE OF INTEREST HERE. IN THIS CONTEXT WE WOULD APPRECIATE REPORT ON STATUS OF CAB AND KLM PETITIONS TO DISTRICT COURT OF APPEALS AND LIKELY DEVELOPMENTS IN THAT AREA. DEPARTMENT MAY WISH EMBASSY TO FLOAT CERTAIN IDEAS INFORMALLY OR TEST THE POSSIBILITY OF A DIFFERENT APPROACH, E.G. DIRECT COMPANY-TO-COMPANY TALKS PRIOR TO A THIRD ROUND OF GOVERNMENT-TO-GOVERNMENT CONSULTATIONS. IN ANY CASE, OUR OBJECTIVE WILL BE TO DEVISE AN APPROACH THAT OFFERS A GOOD CHANCE OF SUCCESS.

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- 3. MEANWHILE, SECRETARY'S BILATERAL MEETING WITH FONMIN VAN DER STOEL HAS BEEN HELPFUL IN TAKING STING OUT OF CIVAIR QUESTION IN PUBLIC DOMAIN. CRITICISM OF US IN DUTCH PRESS HAS BEEN REPLACED AT LEAST TEMPORARILY BY TONE OF GUARDED RELIEF. WHAT COMMENT THERE HAS BEEN IS FAVORABLE. INDEPENDENT-CONSERVATIVE ALGEMEEN DAGBLAD, FOR EXAMPLE, NOTED AMERICAN GESTURE OF GOODWILL, BUT SAID THAT US AVIATION AUTHORITIES ARE "UNLIKELY TO CONSIDER ISSUE IN SAME FRIENDLY WAY AS KISSINGER APPRATENLY DOES." RESPECTED BUSINESS DAILY, INDEPENDENT-LIBERAL NRC/HANDELSBLAD FOUND SITUATION ENCOURAGING ("KLM IS STILL STANDING ..... AND HAS EVEN SCORED SOME POINTS"), BUT CAUTIONED THAT IN VIEW OF CONFLICTING INTEREST OF US AND EUROPEAN AIRLINE COMPANIES, "DEPENDENCE ON KISSINGER'S POLITICAL WISH NOT TO STRAIN RELATIONS WITH A COUNTRY LIKE HOLLAND IS AN ANCHOR IN SLIPPERY SANDS".
- 4. KLM, EVEN WHILE MAKING AN ANNOUNCEMENT INDICATING SOME PROGRESS IN ITS EFFORT TO GET OUT OF RED, IS KEEPING PRESSURE ON DUTCH NEGOTIATORS THROUGH PUBLICATION OF BRO-CHURE ATTEMPTING TO ASSESS KLM'S IMPORTANCE TO HOLLAND. KLM ANNOUNCED DECEMBER 16 THAT NOVEMBER LOAD FACTOR ROSE TO 55.9 PERCENT FROM 54.3 PERCENT IN NOVEMBER 1973. ON SAME DAY AIRLINE ISSUED BROCHURE CLAIMING THAT 25 PERCENT OF GREATER AMSTERDAM POPULATION IS TO SOME EXTENT ECONOMICALLY DEPENDENT ON AVIATION. FIGURE INCLUDES NOT ONLY KLM EMPLOYEES BUT ALSO THOSE AT SCHIPHOL AIRPORT, COMPLEMENTARY AND SECONDARY EMPLOYMENT, AND FAMILIES. BROCHURE SAYS THAT KLM'S DIRECT CONTRIBUTION TO 1973 NATIONAL INCOME WAS 513 MILLION GUILDERS, OR 0.4 PERCENT, AND THAT ITS EXPORT SURPLUS OF 700 MILLION GUILDERS IS MORE THAN 14 PERCENT OF EXPORT BALANCE OF COUNTRY'S TOTAL TRANSPORT SECTOR. **GOULD**

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## Message Attributes

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